

## Mercer webcast



April 2011

# Latest Trends in International Assignment Policies and Practices

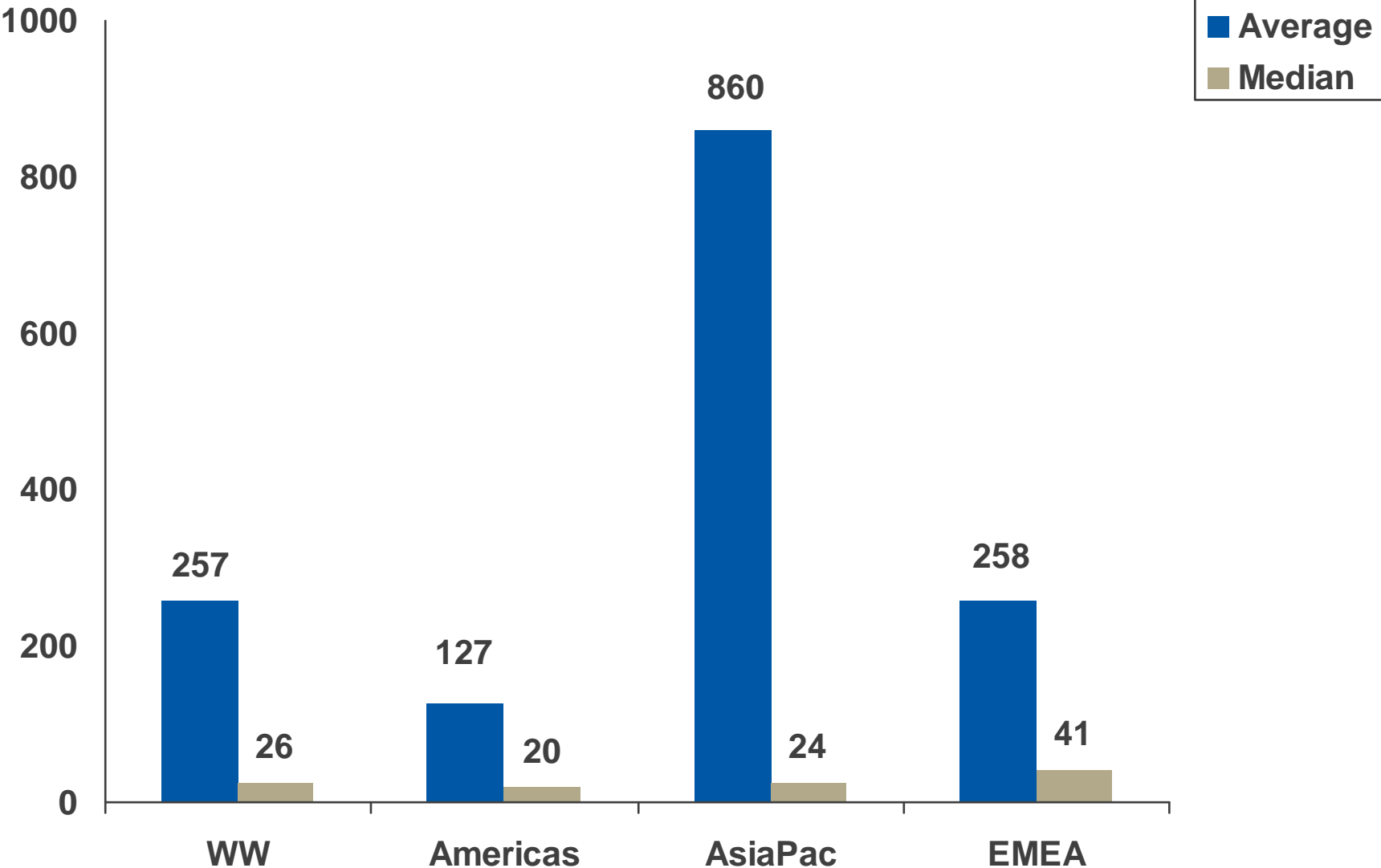
James O'Neill, Chicago

Dan Mikes, Chicago

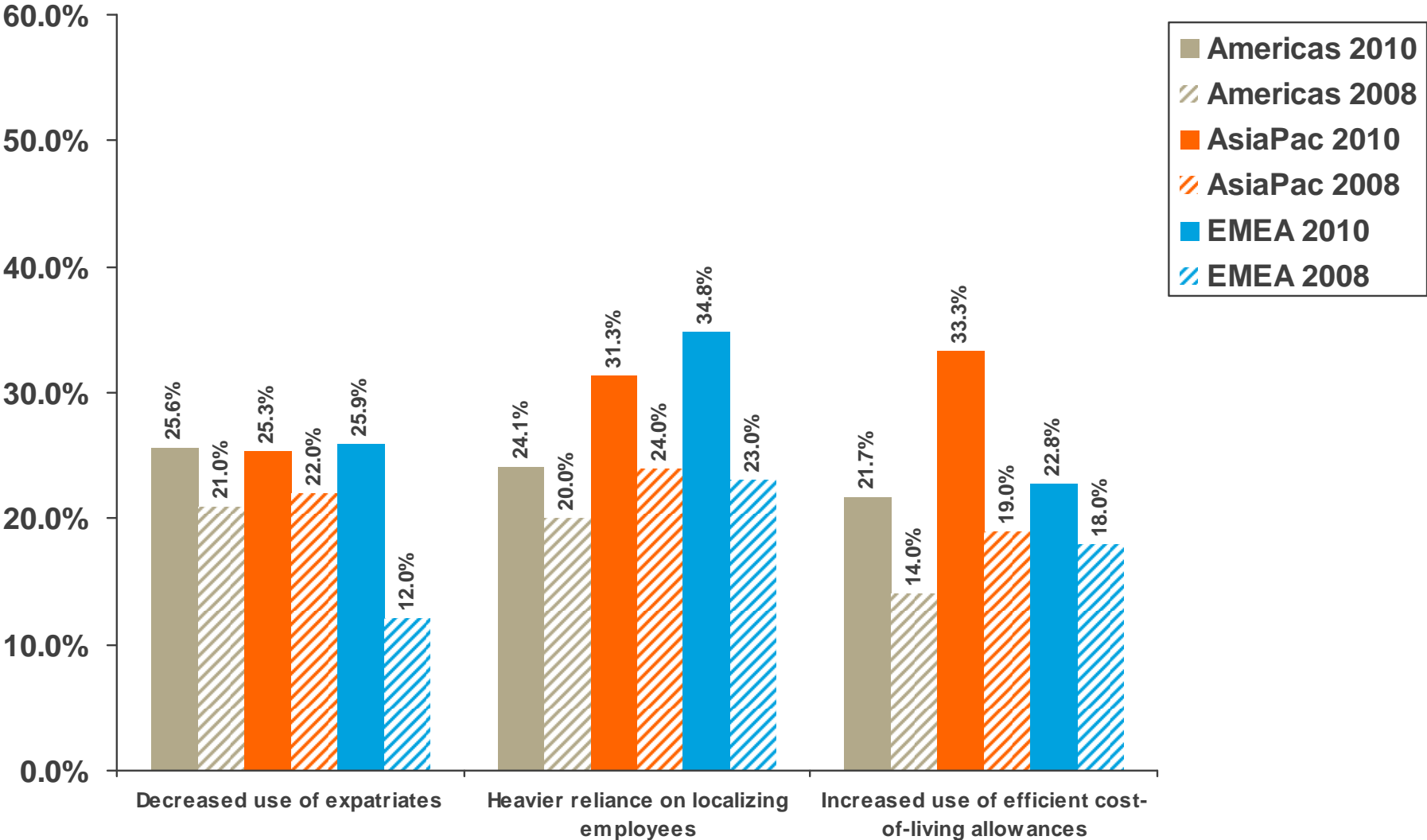
# **Mercer's 2010 *Worldwide Survey of International Assignment Policies and Practices***

- 1,000+ Worldwide participants
  - 480 Americas
  - 103 AsiaPac
  - 239 EMEA
- Longest continually running survey of it's kind
- Covers all major areas of global mobility policy & practices
- Data cuts:
  - *2010 Worldwide & Regional Cuts*
  - *2008 Worldwide & Regional Cuts*

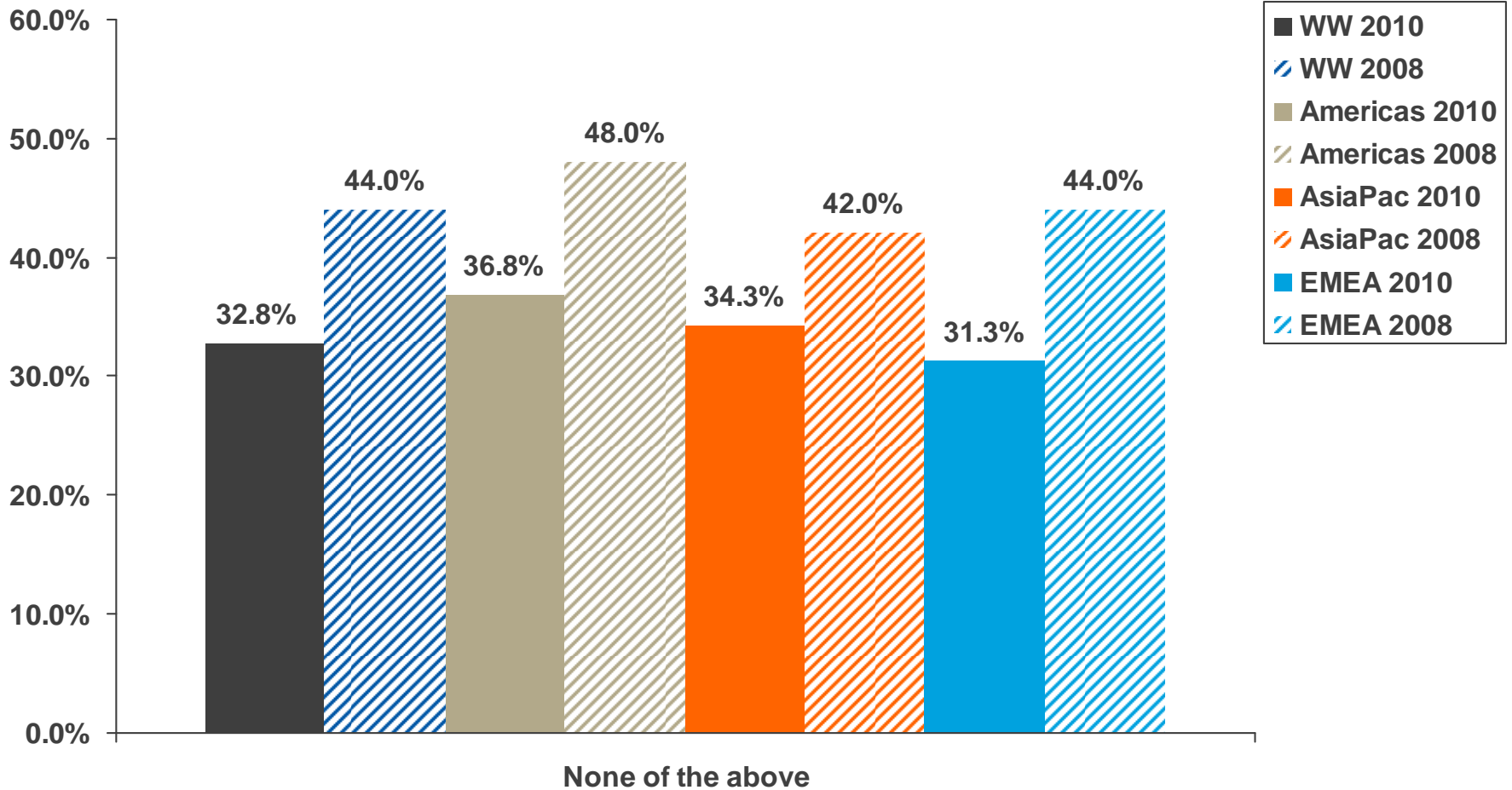
# Number of expatriates (2010)



# Changes implemented in last two years



# Changes implemented in last two years



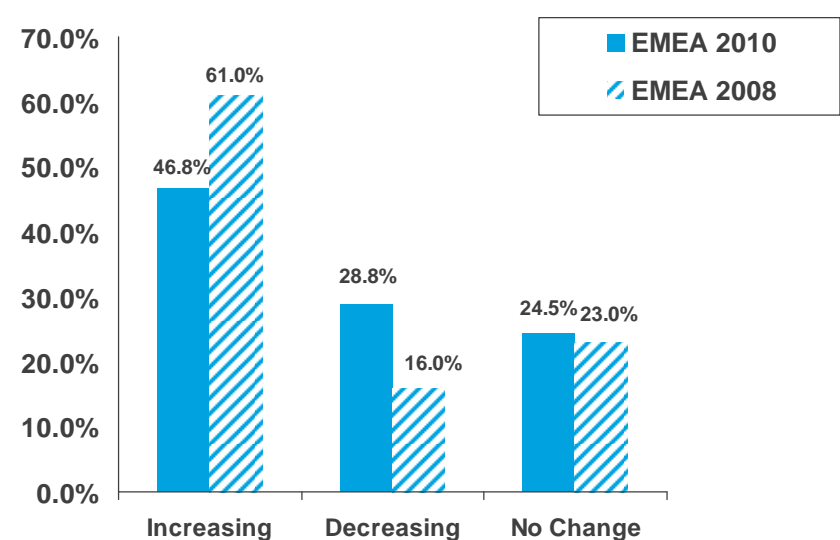
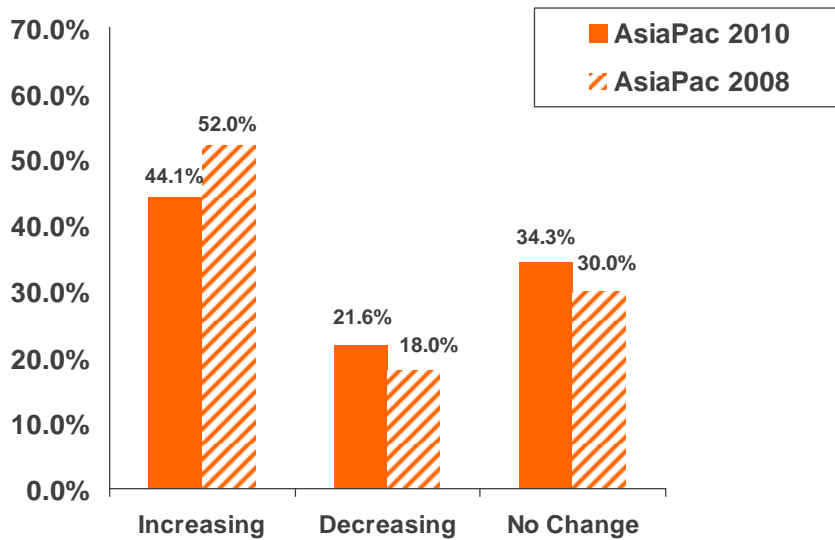
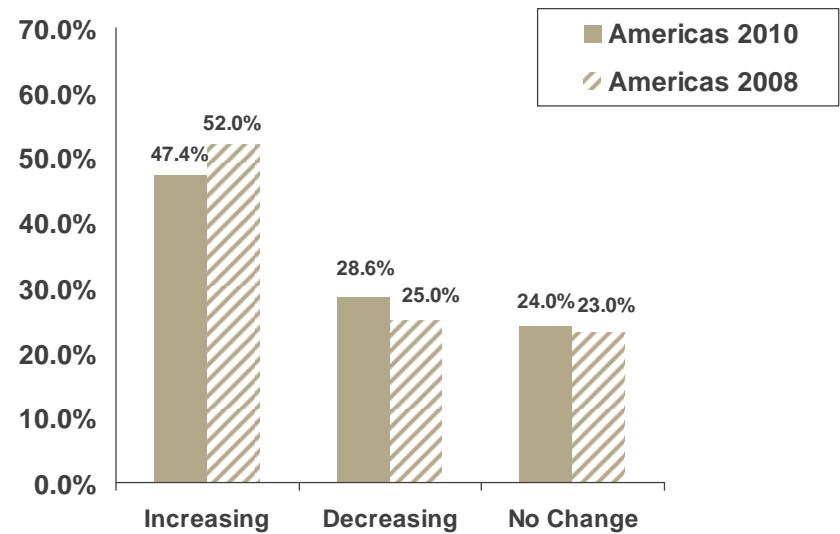
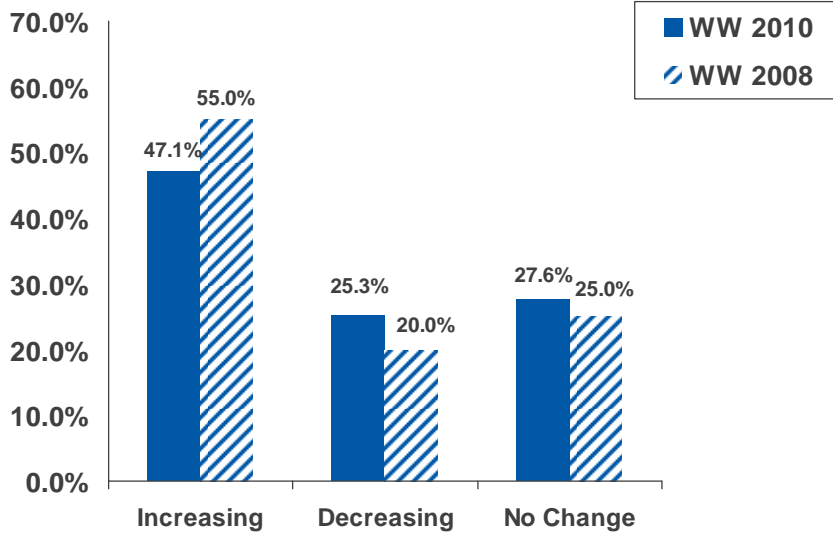
*All potential choices were decreasing use of expatriates, reduced incentives offered, reduced vendor fees, heavier reliance on localizing employees, increased use of efficient cost-of-living allowances, and changed tax policy.*

# Global mobility policy elements under review

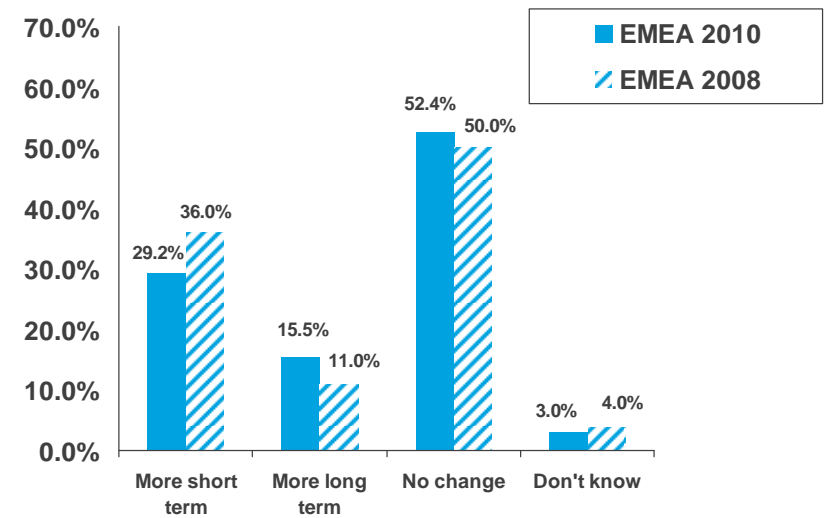
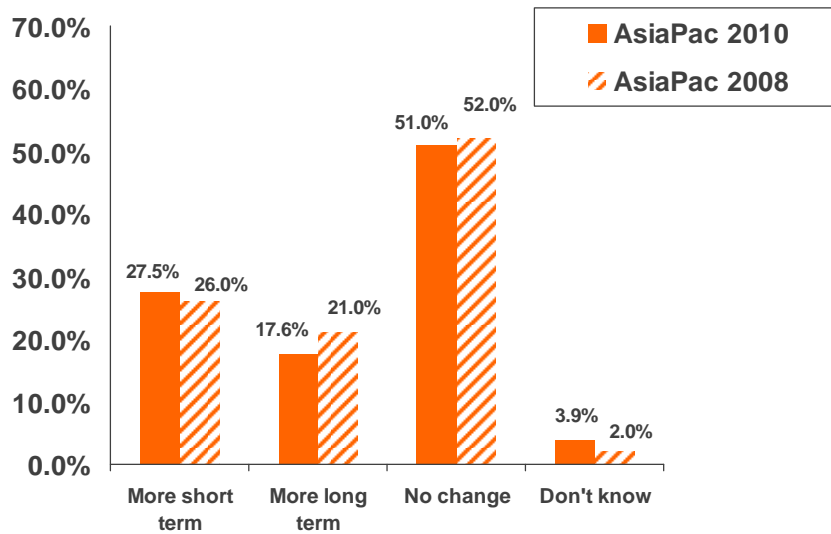
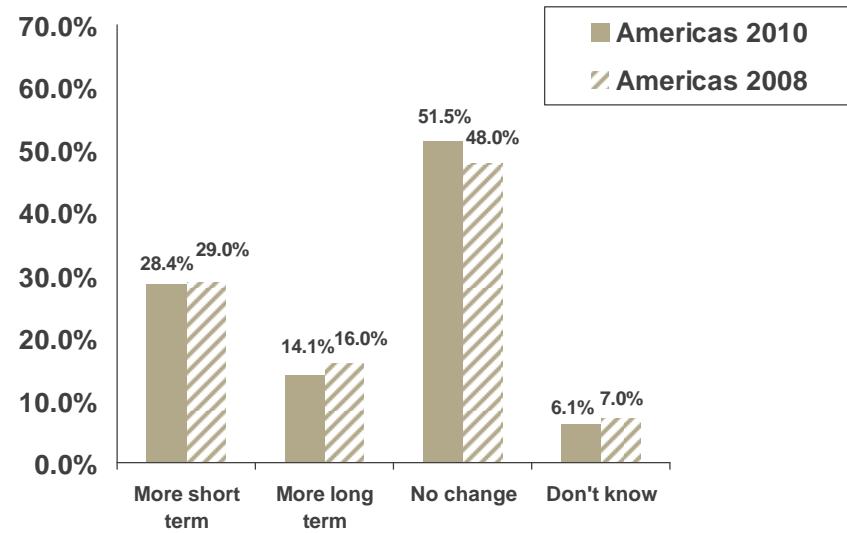
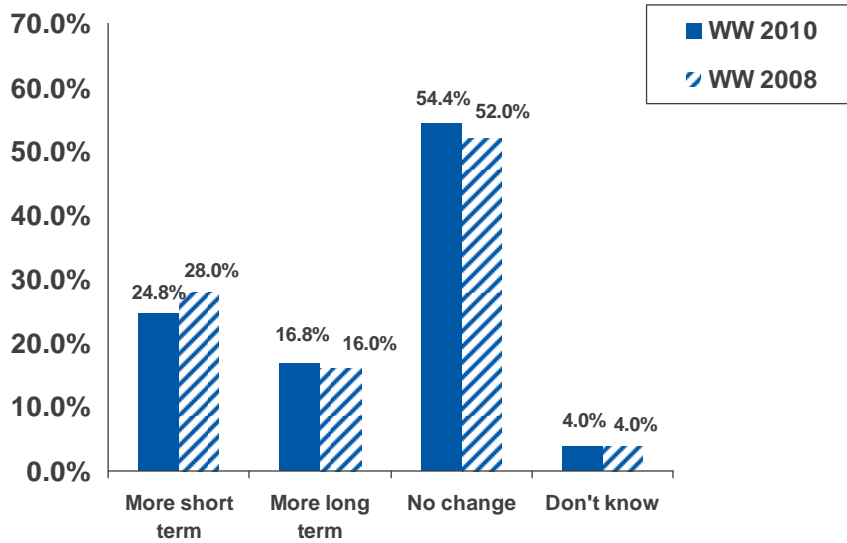
## Worldwide & Americas

	WW 2010	Americas 2010	EMEA 2010	Asia Pac 2010
None	12.2%	12.7%	9.4%	10.8%
Global policy development	39.1	42.6	40.6	33.3
Intraregional policy development	20.0	23.7	20.1	26.5
Policy development for assignments to HQ country	13.7	13.1	8.1	12.7
Short-term assignment policy development	34.3	40.4	39.7	35.3
Multi-tier policy development	28.3	35.1	28.2	32.4
Delivery of expatriate compensation	23.6	23.9	23.9	30.4
Expatriate localization	31.3	35.7	32.9	44.1
Implementation of cost-effective COLA	21.1	18.9	23.1	33.3
Foreign service and/or mobility premiums	20.1	17.4	17.5	14.7
Hardship premiums	21.8	13.1	19.7	24.5
Housing policies	26.9	29.5	28.6	31.4
Tax equalization	22.8	26.5	23.5	32.4
Car practices	15.2	15.1	15.0	21.6
Overall cost-effectiveness	45.8	50.1	44.0	43.1
Overall competitiveness	29.5	38.7	24.4	36.3
Program administration	29.9	34.6	26.1	35.3

# Use of expatriates

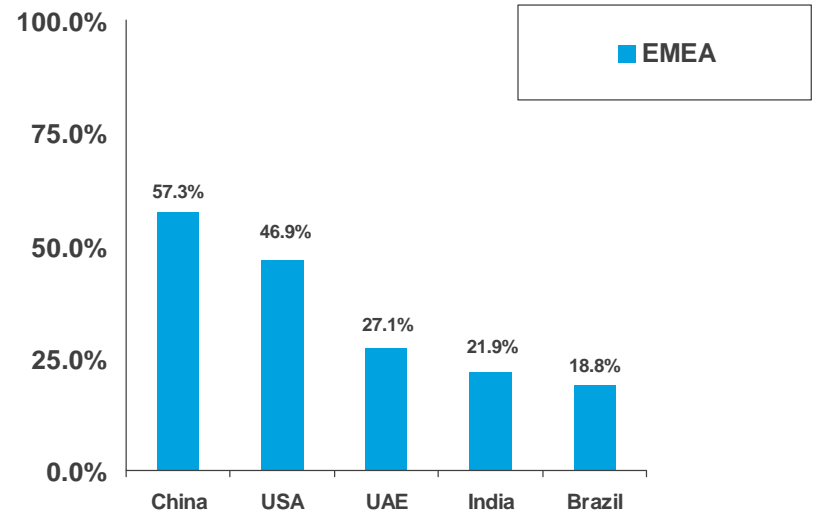
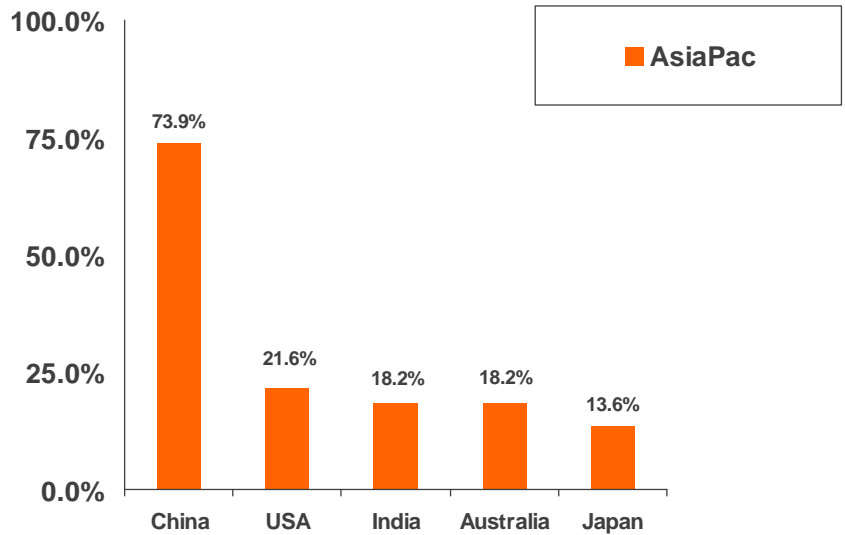
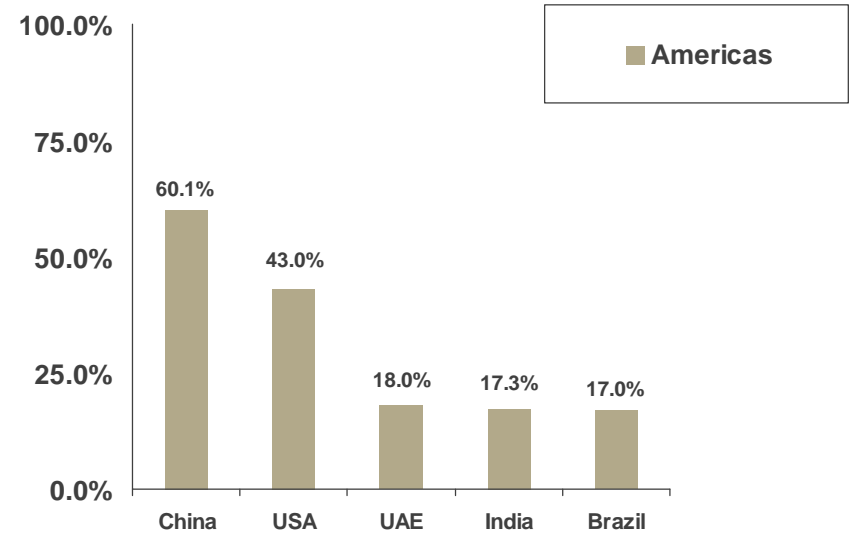
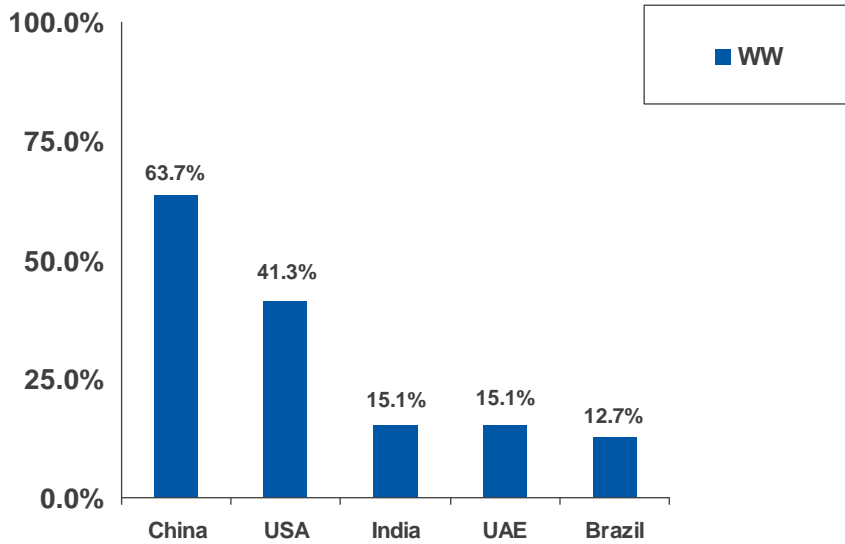


# Assignment length trends



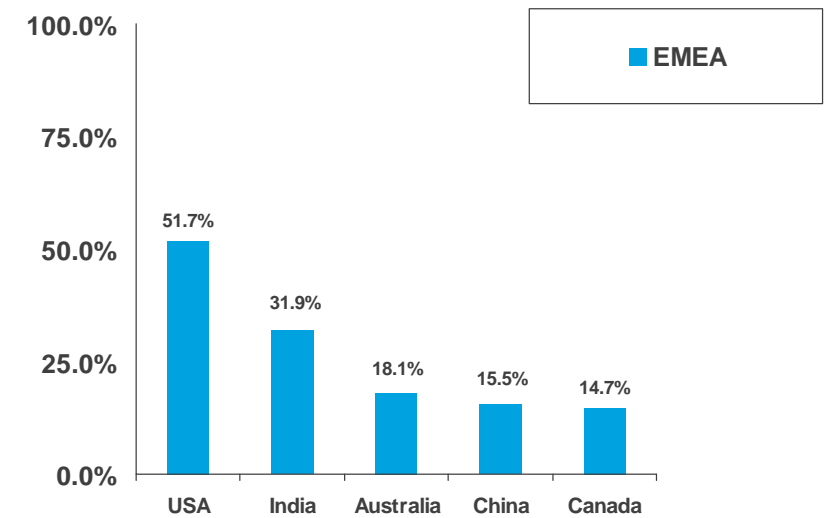
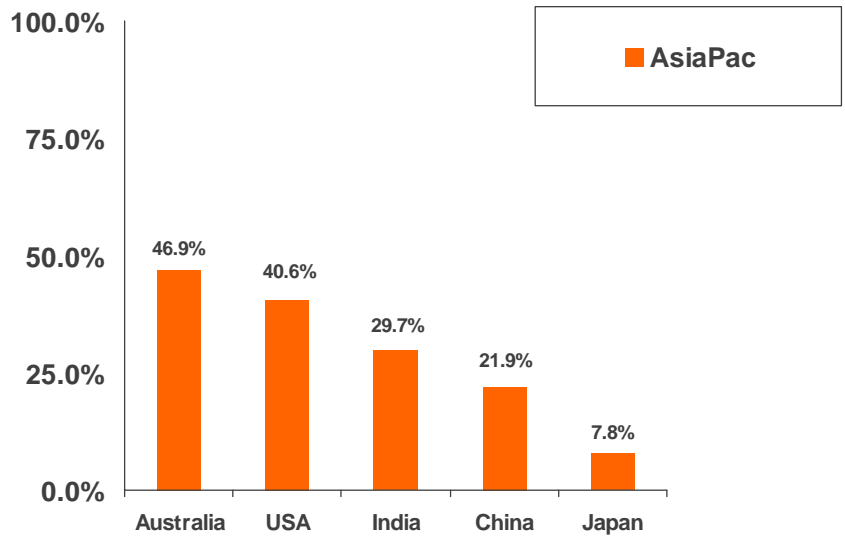
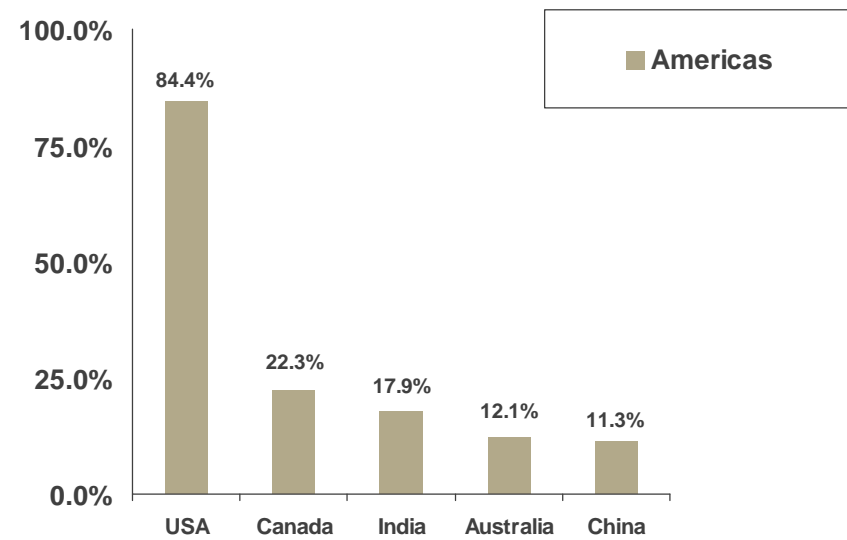
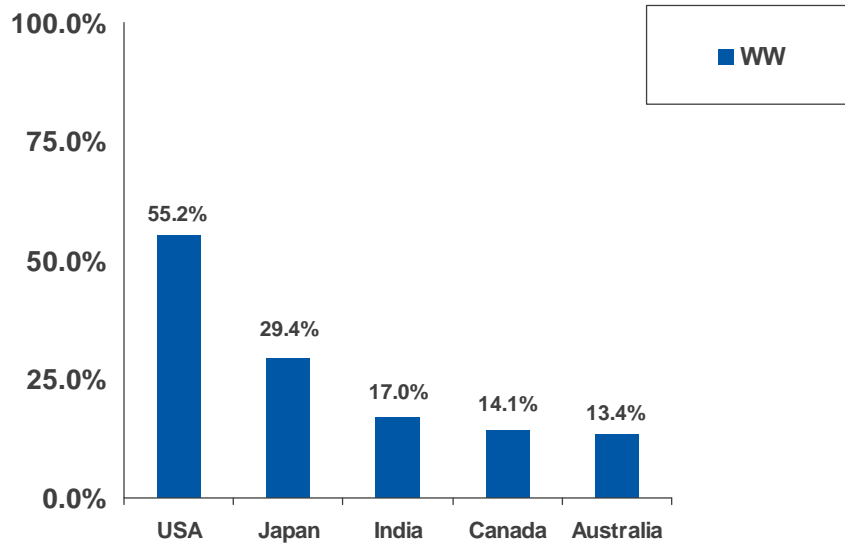
# Highest use of expatriates – top five locations

## Inbound

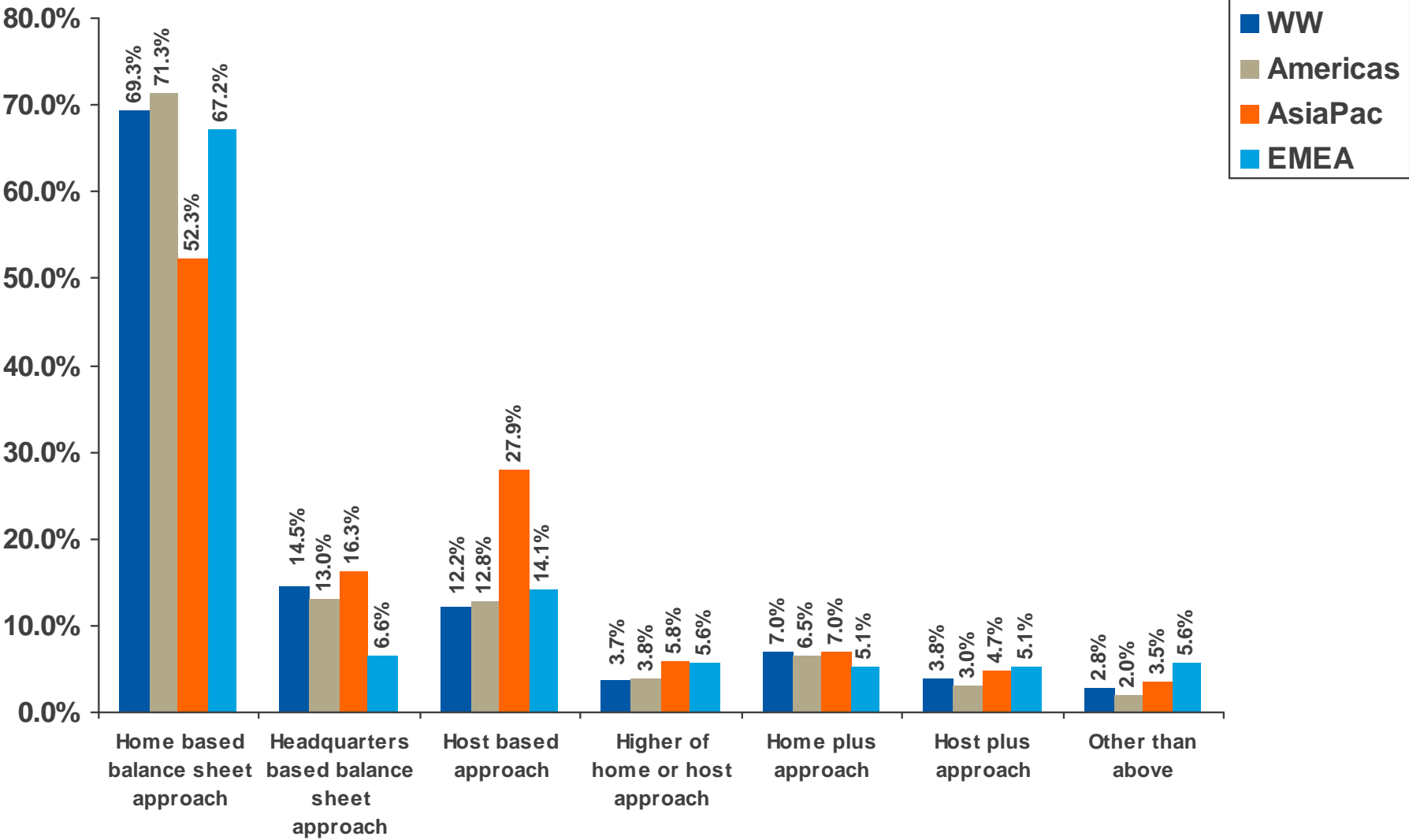


# Highest use of expatriates – top five locations

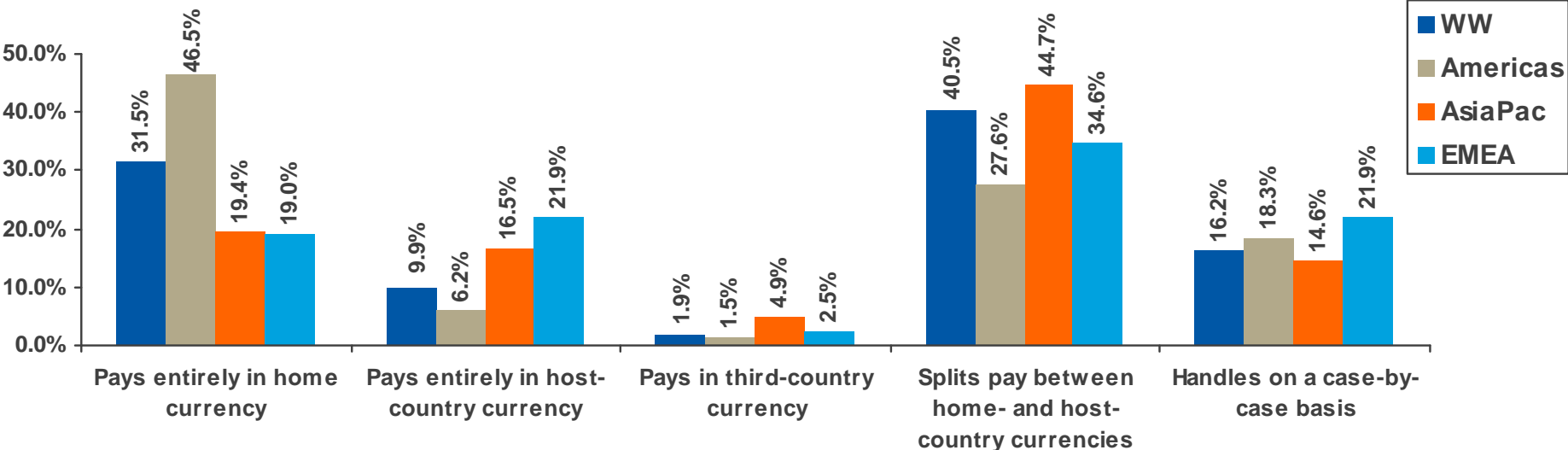
## Outbound



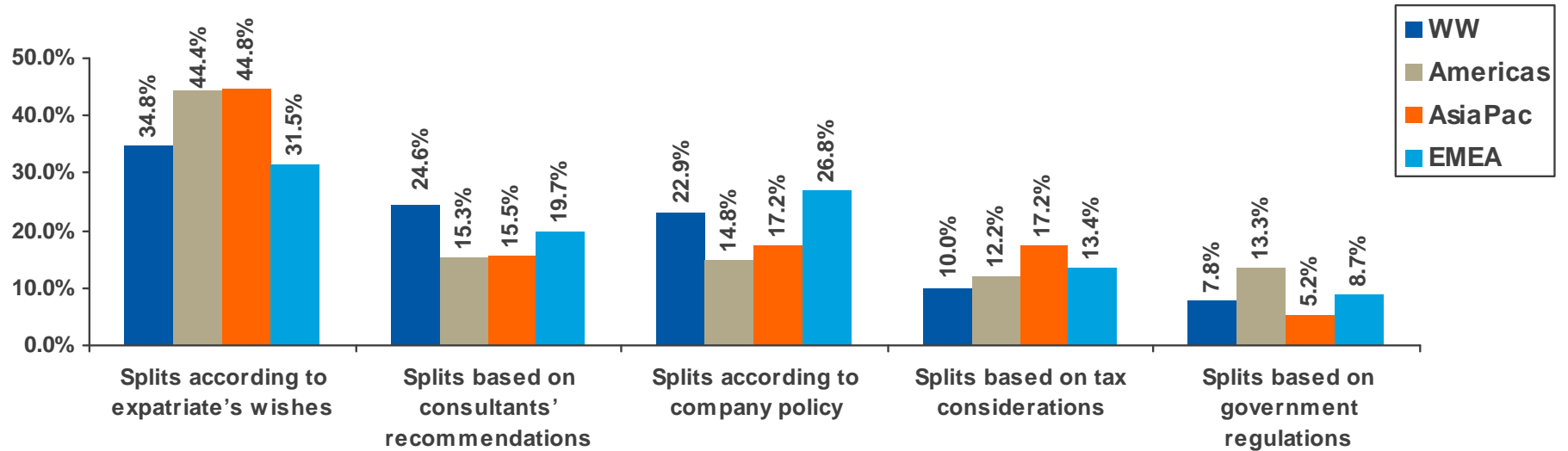
# Compensation approach for global assignment



# Delivery of expatriate remuneration

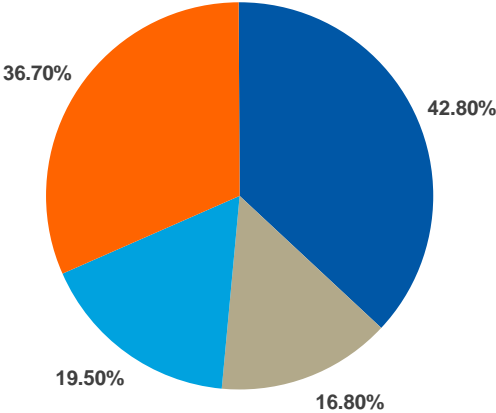


# Split pay

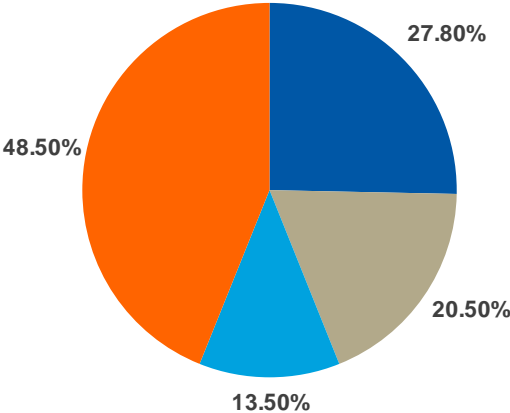


# Provision of incentive premium

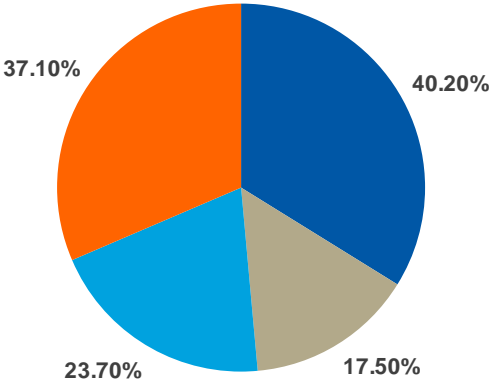
WW



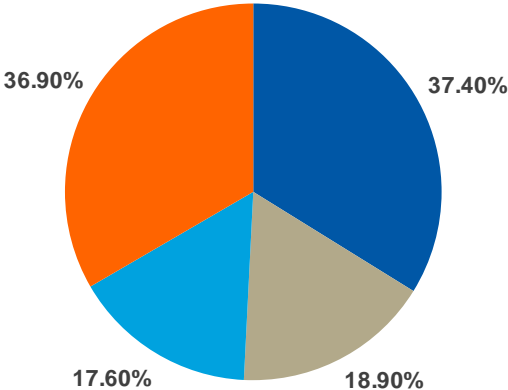
Americas



AsiaPac



EMEA



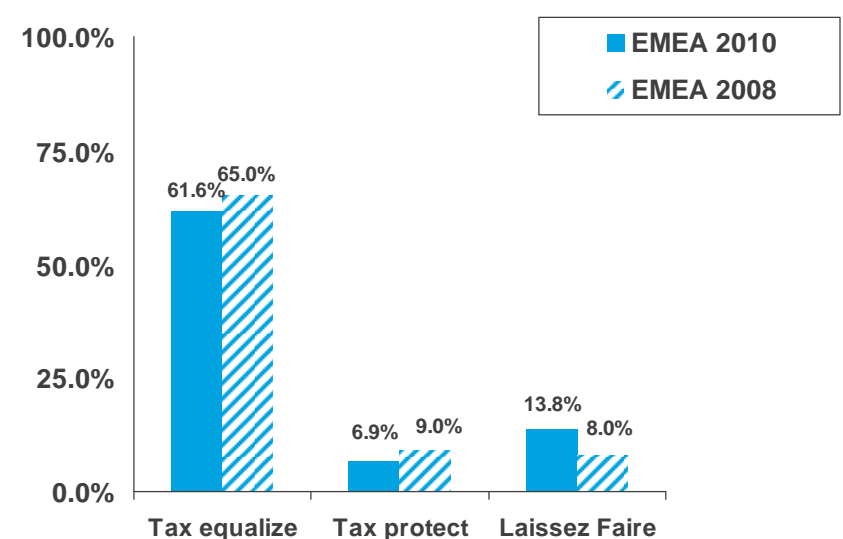
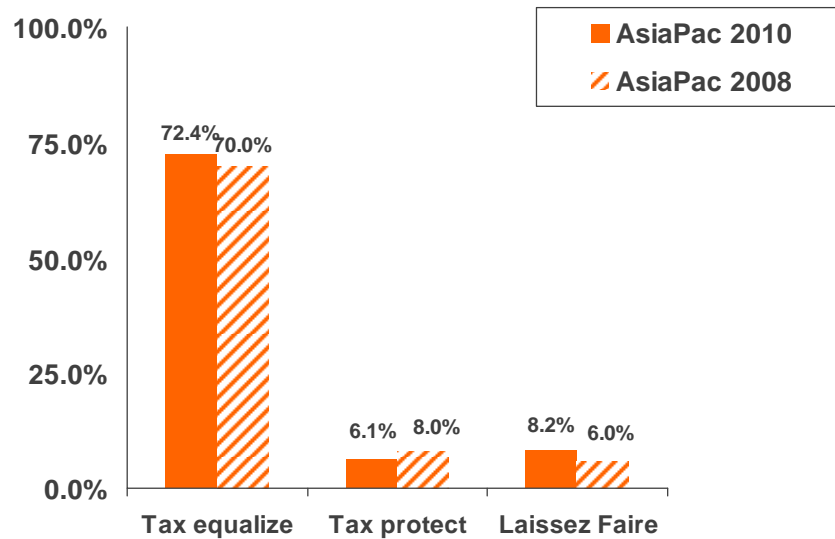
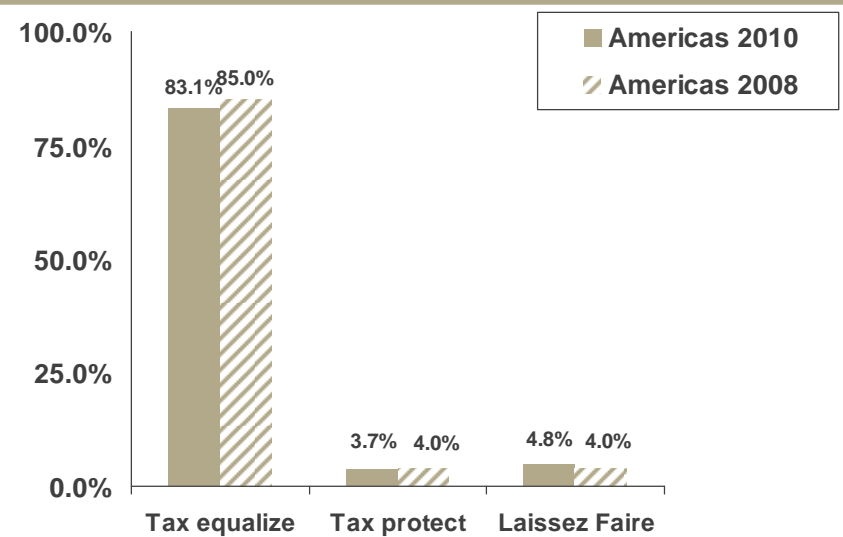
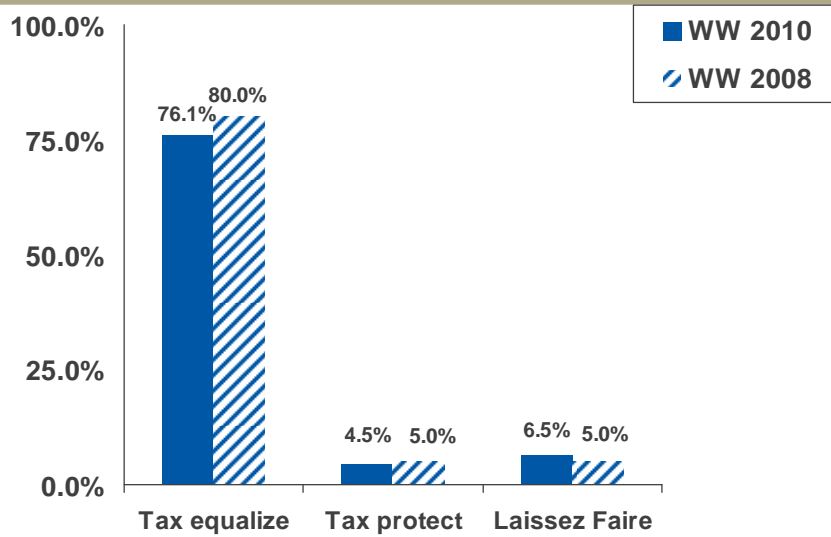
- On-going payment (foreign-service premium)
- Lump sum amount (mobility premium)
- Yes, other
- Does not provide

## Calculation of incentive payments

Foreign Service Premium	WW	Americas	AsiaPac	EMEA
Percentage of base pay	62.0%	73.5%	57.5%	58.8%
- Average %	17.3	14.2	14.7	15.5
Flat amount	11.3%	2.9%	7.5%	2.4%
- Average amount	ID	\$3,010	ID	ID

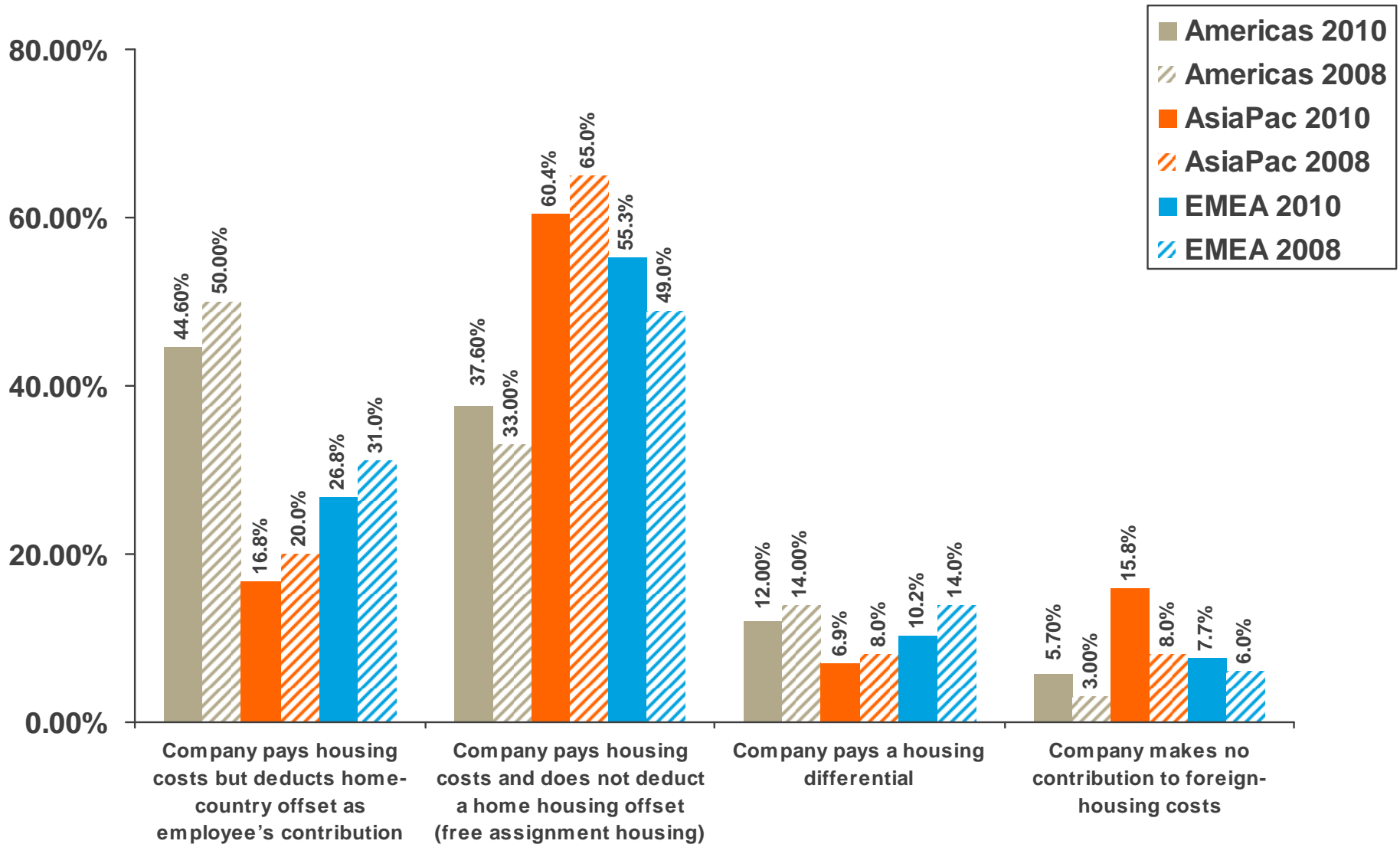
Mobility Premium	WW	Americas	AsiaPac	EMEA
Percentage of base pay	44.2%	53.3%	23.1%	37.2%
- Average %	11.8	11.5	ID	10.4
Flat amount	11.7%	9.8%	0.0%	16.3%
- Average amount	\$6,386	\$7,438	ID	\$4,983

# Tax approaches



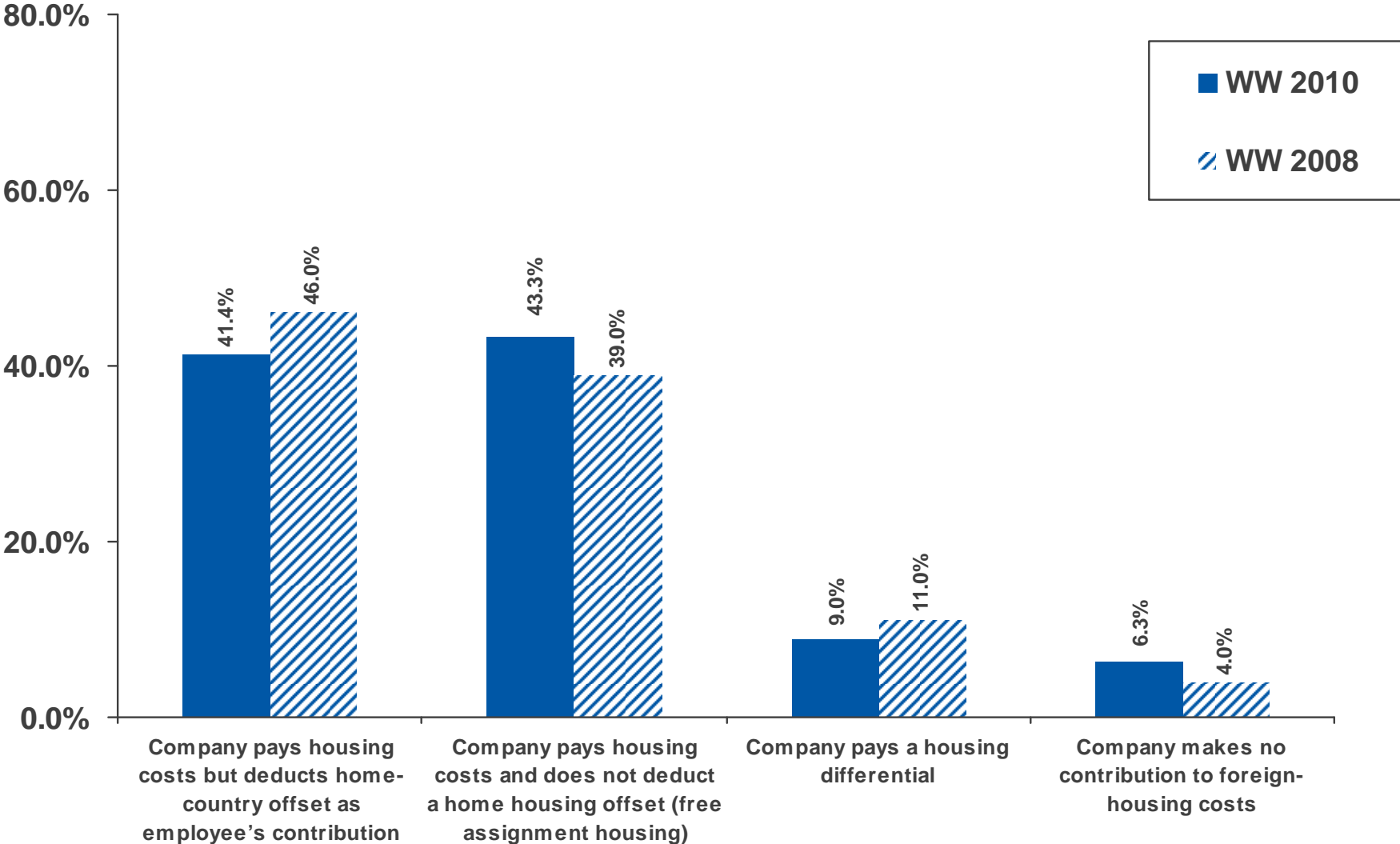
# Expatriate housing policies

Americas, AsiaPac, and EMEA



# Expatriate housing policies

Worldwide



## Housing: further analysis (of Americas cut)

<b>Joint Distribution</b>	<b>Provides Home Sales Assistance<sup>1</sup></b> <i>(8%)</i>	<b>Provides Property Management<sup>2</sup></b> <i>(21%)</i>	<b>Provides Both</b> <i>(40%)</i>	<b>Provides Neither</b> <i>(30%)</i>
Pays host housing costs and withholds norm <i>(44%)</i>	4%	12%	23%	6%
Pays host housing costs and does not withhold norm <i>(37%)</i>	3%	8%	10%	16%
Provides housing differential <i>(12%)</i>	1%	2%	6%	4%
Makes no contribution to host housing costs <i>(6%)</i>	0%	0%	1%	4%

1) Provides home sales assistance, but not property management

2) Provides property management, but not home sales assistance

## Housing: further analysis (of Americas cut)

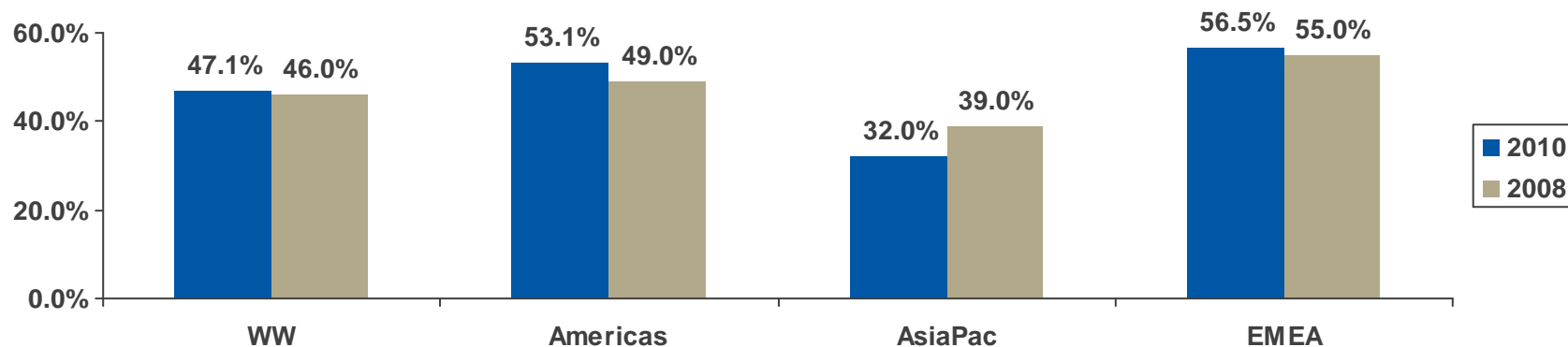
Conditional Distribution	Provides Home Sales Assistance <sup>1</sup>	Provides Property Management <sup>2</sup>	Provides Both	Provides Neither
Pays host housing costs and withholds norm (44%)	9%	26%	52%	14%
Pays host housing costs and does not withhold norm (37%)	9%	21%	27%	44%
Provides housing differential (12%)	8%	15%	47%	30%
Makes no contribution to host housing costs (6%)	4%	7%	21%	68%

1) Provides home sales assistance, but not property management

2) Provides property management, but not home sales assistance

# Spousal support

## Provides Spousal Support

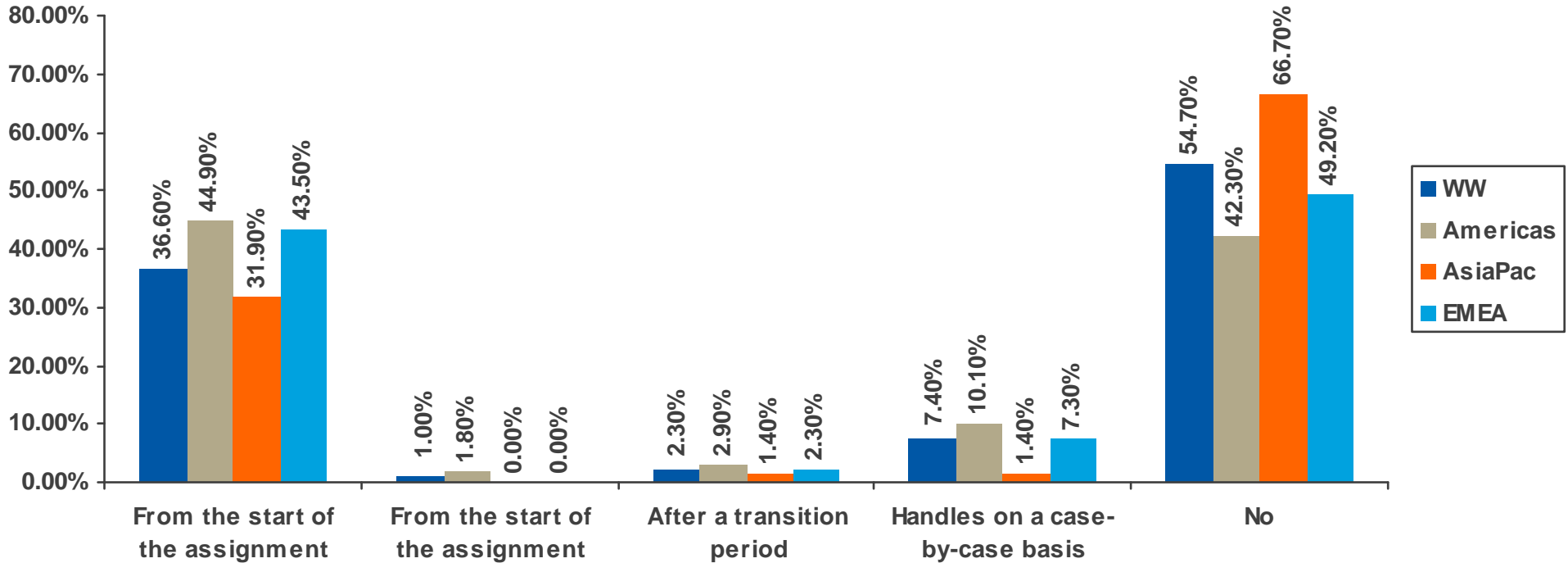


## Spousal Support Payments

of those that provide some form of support

	Worldwide		Americas		AsiaPac		EMEA	
	2010	2008	2010	2008	2010	2008	2010	2008
A one-time lump sum spousal-assistance cash payment or allowance	17.2%	18.0%	19.1%	23.0%	13.0%	19.0%	13.3%	14.0%
<i>Average amount in US dollars</i>	3,959	5,252	3,704	4,727	ID	4750	5,158	7,675
A one-time reimbursement of receipts up to a maximum amount	31.5	30	34.5	34	21.7	19	36.7	33
<i>Average amount in US dollars</i>	4,635	5,080	3,646	3,868	8,460	9,865	5,924	7,305
An annual spousal-assistance payment or allowance	8	9	7.2	8	4.3	5	12.2	12
<i>Average amount in US dollars</i>	3,792	4,009	4,188	4,181	ID	2,500	3,546	3,939
An annual reimbursement of receipts up to a maximum amount	13.5	12	17	11	4.3	19	13.3	17
<i>Average amount in US dollars</i>	4,227	5,502	3,775	4,841	ID	15,300	5,326	3,504
Amount of additional compensation based on prior spousal salary	0.9	1	0	1	8.7	14	1	1
<i>Average percent</i>	ID	ID	ID	ID	ID	ID	ID	ID
No allowance or reimbursement provided	28.9	29	22.2	24	47.8	24	23.5	22

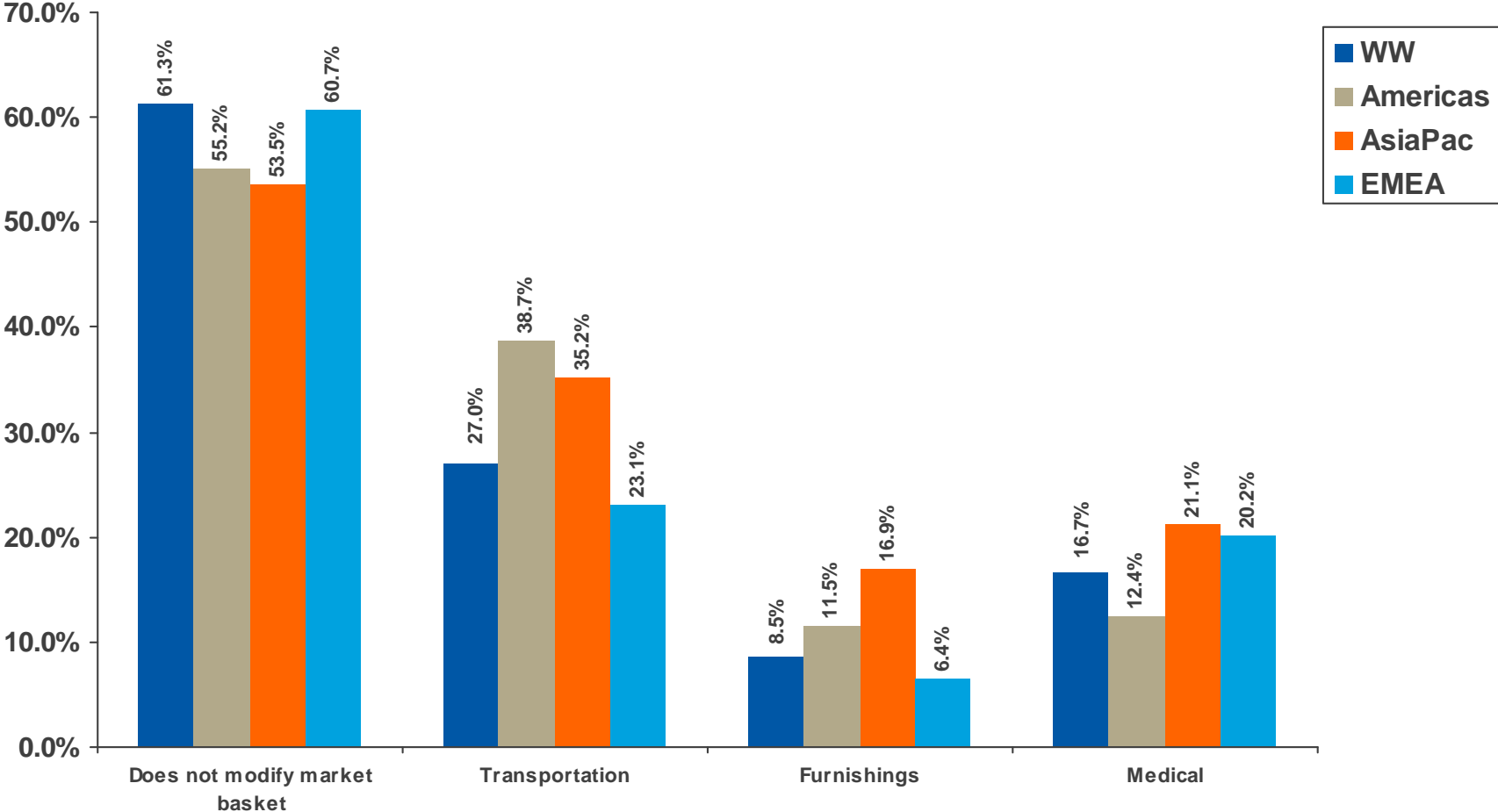
# Usage of efficient purchaser indices for COLA



Average number of months:

- WW: 22.5
- Americas: 7.1
- AsiaPac: ID
- EMEA: 20.3

# Market basket items modification

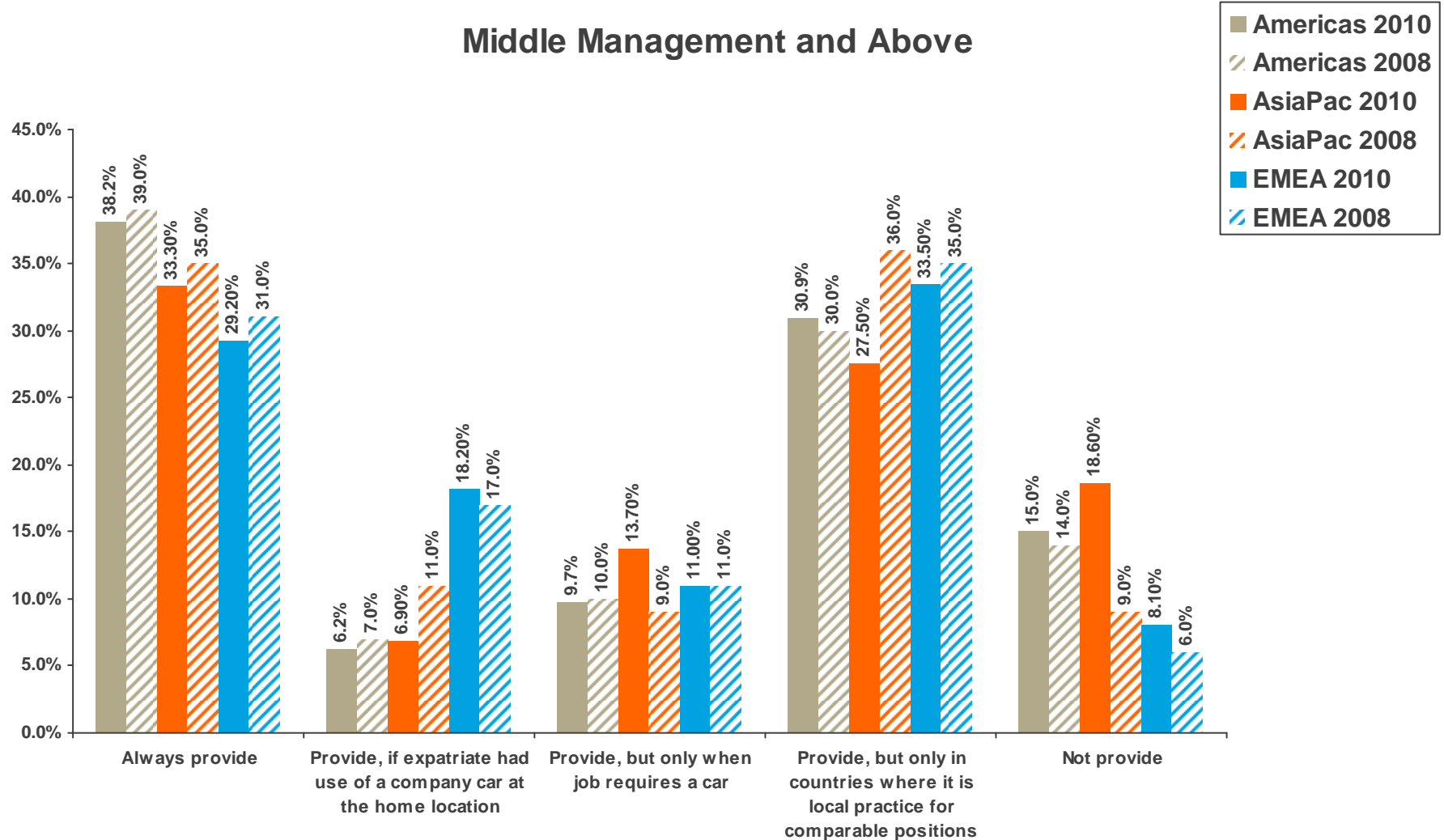


*Main reason for modifying the market basket items is to avoid duplication of payment of items already included in policy.*

# Transportation allowance

Americas, AsiaPac, and EMEA

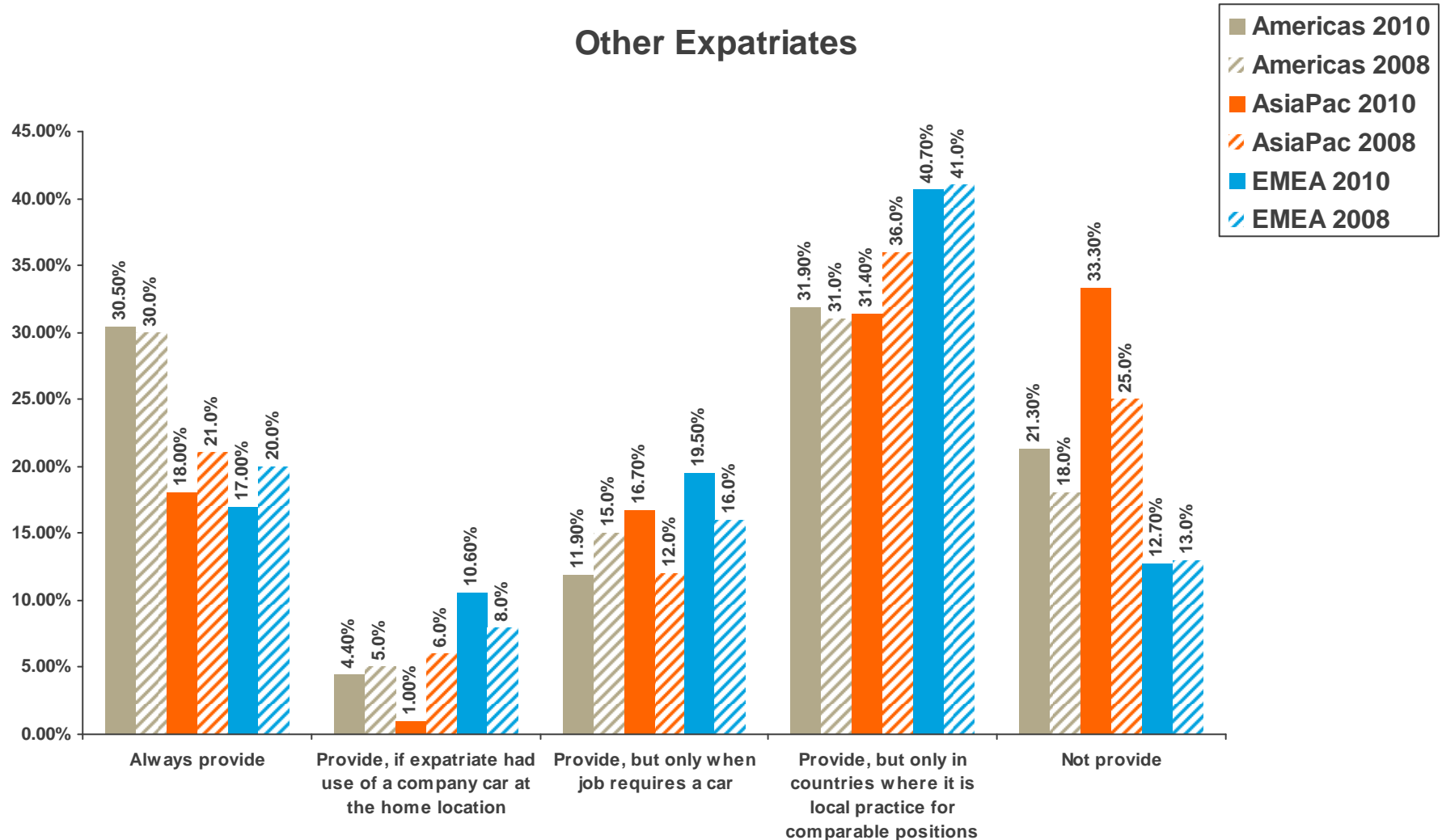
## Middle Management and Above



# Transportation allowance

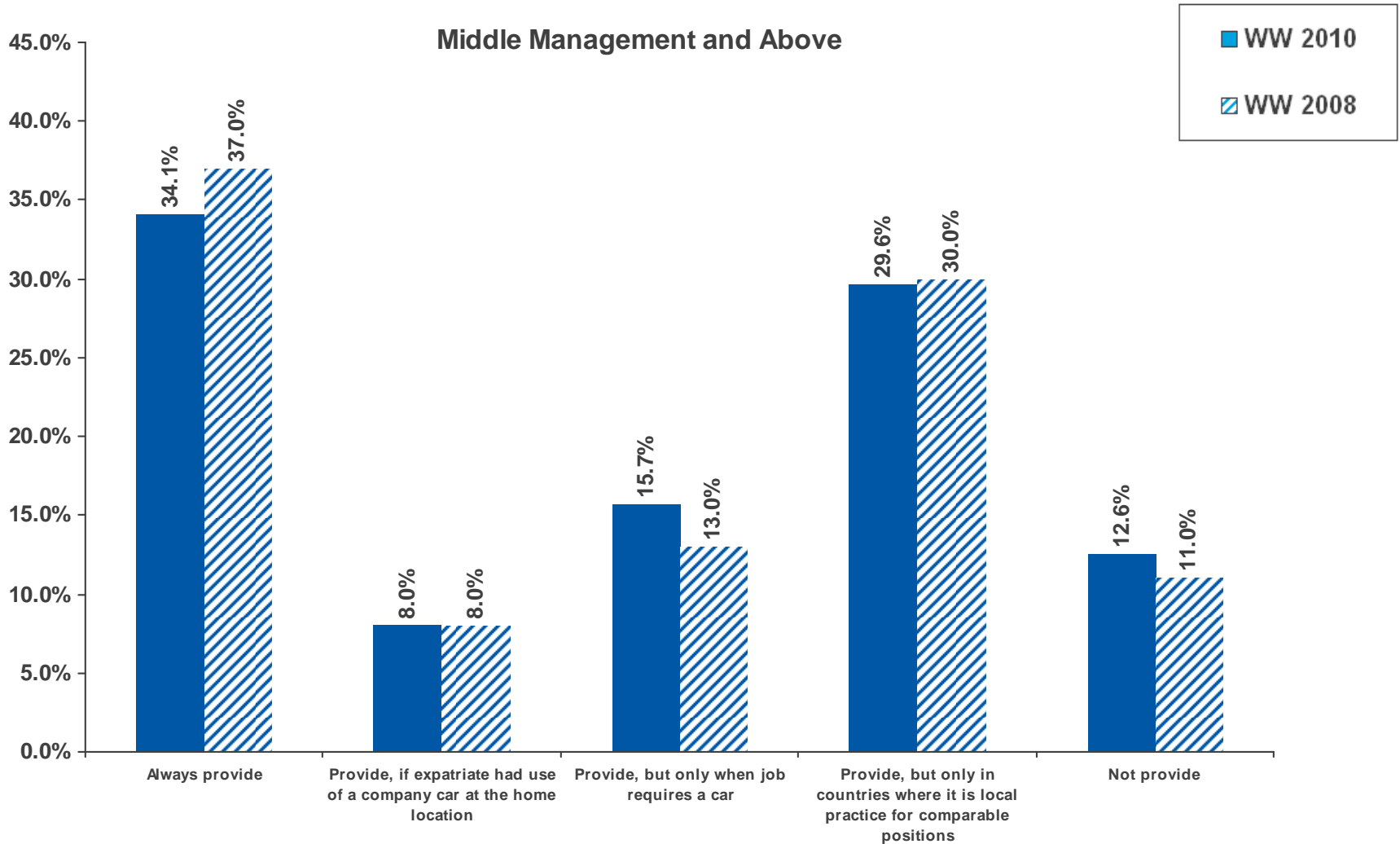
Americas, AsiaPac, and EMEA

## Other Expatriates



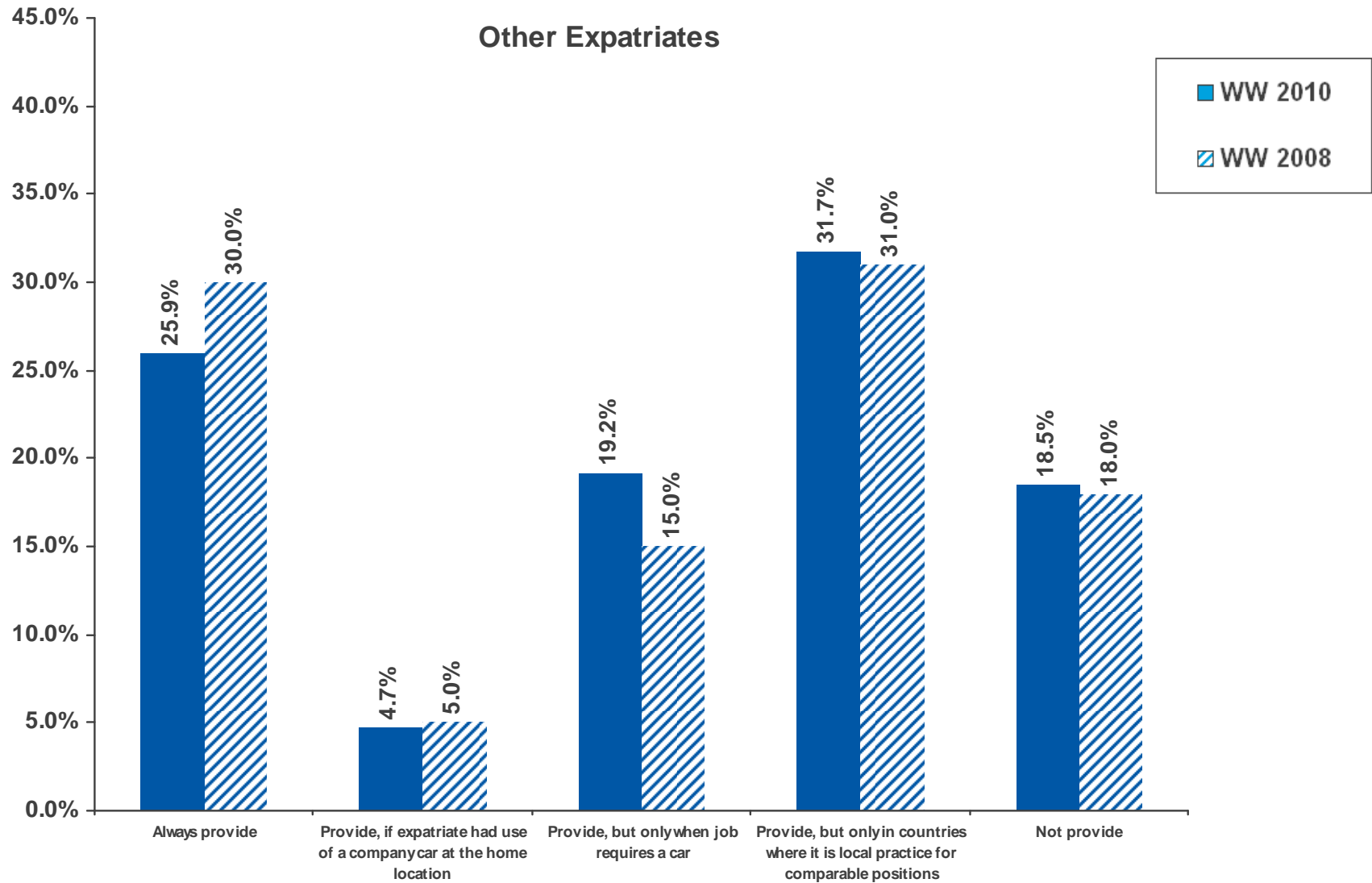
# Transportation allowance

Worldwide



# Transportation allowance

Worldwide



# Questions and contacts

**James O'Neill**  
**Chicago**  
+1 312 917 9683  
[james.oneill@mercercor.com](mailto:james.oneill@mercercor.com)

**Dan Mikes**  
**Chicago**  
+1 312 917 9441  
[daniel.mikes@mercercor.com](mailto:daniel.mikes@mercercor.com)

## Questions

Please type your questions in the web Q&A and we will do our best to answer as many questions as we have time for.

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